

## General Conditions of Sale of the technical distributor Ernst Zimmermann GmbH version 2/2022

### I. Validity/Offers

1. These General Terms and Conditions of Sale shall apply to all present and future contracts with entrepreneurs, governmental (legal) entities, or special governmental estates (funds) in the meaning of Section 310 Paragraph 1 BGB (German Civil Code) with regard to deliveries and other services rendered, including contracts for work and services and contracts for the delivery of fungible and non-fungible goods to be manufactured or produced. The buyer's terms and purchase conditions shall not be binding even if we do not expressly object to them again after their receipt by us. Even in the event that we conclude contracts on electronic platforms and the conclusion of the contract is technically possible only if we declare our agreement with the buyer's terms and conditions, this does not expressly constitute consent to the validity of these terms and conditions.

2. Our offers are non-binding and subject to change without notice. Verbal agreements, promises, assurances, guarantees and statements about the designated use or purpose of our products made or given by our sales staff before or at the time of conclusion of the contract shall not be binding unless confirmed by us in text form.

3. Commercial (trade) terms such as „EXW“, „FOB“ and „CIF“ shall be interpreted in accordance with the Incoterms® (International Commercial Terms) as amended from time to time.

### II. Prices and Packaging

1. Unless something else is agreed upon, our prices are ex our warehouse, excluding packaging. Statutory value added tax (VAT) will be added.

2. If the items are to be delivered packaged, we will charge the packaging at cost price. We will take back the packaging delivered according to statutory provisions if it is returned to us within a reasonable period of time. We do not assume any costs incurred by buyer for the return transport or for an own disposal of the packaging.

### III. Payment and Set-Off

1. Payment shall be made immediately – without cash discounts – in such a way that we can dispose of the sum on the due date. Any payment transfer costs shall be borne by the buyer. Unless otherwise agreed, our invoices are due 14 days after the invoice date. Payment must take place so that the amount invoiced is available to us on the due date at the latest. The buyer will be in default at the latest 10 days after payment is due and without the need for a reminder.

2. Cash discount periods granted shall begin with the invoice date. Any cash discount agreed to always applies to the value of the invoice excluding freight and has a prerequisite that all amounts due by the buyer have been paid at the time of the cash discount.

3. Invoices for amounts below EUR 50.00 as well as for assembly, repairs, forms (moulds) and tooling costs are due immediately without deductions.

4. Counterclaims which we have contested or which have not yet been legally determined to be final and conclusive do not entitle buyer to withhold or offset payments. This shall not apply if the counterclaims result from the same contractual relation and/or would entitle the buyer to refuse the fulfilment of his contractual obligations under Sec. 320 of the German Civil Code (BGB).



5. If the payment deadline is exceeded, at the latest by default, we are authorized to charge interest at the level of the appropriate bank rate for overdraft credits, at a minimum, however, at the statutory default interest. Additionally, we charge a default allowance of EUR 40.00. A claim for further damages due to this delay remains reserved.

6. If, after conclusion of the contract, it becomes apparent that our claim for payment is endangered by the buyer's lack of ability to pay or if the buyer is in default of payment with a considerable amount, or if other circumstances arise which indicate a significant deterioration in the buyer's ability to perform we are entitled to refrain from any further performance and exercise the rights of Sec. 321 of the German Civil Code (BGB). This also applies insofar as our obligation to perform is not yet due. We shall then also be entitled to demand payment of all claims not yet due from the current business relationship with the buyer. A lack of ability to pay on the part of the buyer is also deemed to exist if the buyer is at least three weeks in arrears with a substantial amount (from 10 % of the receivables due), furthermore the substantial downgrading of the limit existing for him with our trade credit insurance.

#### IV. Delivery Deadlines

1. Delivery deadlines and dates are considered to have been met when the goods have left our plant by the time due. If and in so far the goods fail to be despatched at the agreed time for reasons not attributable to us, the agreed delivery time shall be considered to have been met at the day on which the goods are notified to be ready for dispatch.

2. Our commitment to deliver is subject to our correct, timely and contractual self-delivery and, in the case of imported material, additionally under provision of receipt of monitoring documents and import licenses, unless we are responsible for the incorrect or delayed self-delivery.

3. Events of force majeure entitle us to postpone the deliveries for the period of the hold-up and an appropriate start-up time. This also applies if such events occur during a present default. Force majeure is the equivalent of monetary or trade measures or other acts of sovereignty, strikes, lockouts, operational disruptions (breakdowns) not caused by us, pandemics and their effects, obstruction of transport routes, delays in clearing the goods for import and in customs clearance as well as of all other circumstances, that essentially impede or render the deliveries and performances impossible, without being caused by us. In this context, it is irrelevant whether the circumstances occur at our place, the delivering plant or at another upstream supplier. If performance becomes unacceptable for one of the parties due to the aforementioned events, this party shall be able to withdraw from the contract by instant declaration in text form.

#### V. Retention of Title

1. All goods delivered by us remain our property (Reserved Property) until all claims arising from our business contacts have been settled, regardless of the origin of the claims and including future or conditional claims (current account reservation). The current account reservation is not applicable in in prepayment or delivery vs payment cases. In this case, the delivered goods remain our property until the purchase price for these goods has been paid in full.

2. With regard to processing or manufacturing of the reserved property, we shall be deemed to be manufacturer within the meaning of Section 950 BGB (German Civil Code) without obligating us in any way. The processed or manufactured goods shall be regarded as reserved property within the meaning of clause V/1 of these conditions. When the buyer processes, combines or mixes the reserved goods with other goods, we retain co-ownership in the new product in the relation of the invoice value of the reserved goods to the invoice value of the other goods produced.



If our property disappears due to combination or mixture, the buyer transfers to us already his property rights in the new goods or items in relationship to the invoice value of the reserved goods and will retain them for us without cost. The resulting co-ownership counts as reserved property in the meaning of clause V/1 of these conditions.

3. The buyer may only re-sell the reserved property in his normal (ordinary) business relations and to normal business conditions as long as he is not in arrears and only on the condition that the claims from the related sale are transferred to us according to clauses V/4 to V/6 of these conditions. He is not authorized to use the reserved property for any other purpose.

4. The buyer hereby assigns to us any claims resulting from the resale of the reserved property. We hereby accept the assignment. Such claims shall serve as our security to the same extent as the reserved property itself. If the reserved property is resold by the buyer together with other goods not purchased from us, then any receivables resulting from such resale shall be assigned to us in the ratio of the invoiced value of the other goods sold by the buyer. In the case of resale of goods in which we have co-ownership rights pursuant to clause V/2 of these conditions, the assignment shall be limited to the part which corresponds to our co-ownership rights.

5. The buyer shall be entitled to collect any receivables resulting from the resale of the reserved property. This right shall expire if withdrawn by us, at the latest if the buyer defaults in payment; fails to honour a bill of exchange, or files for bankruptcy. We shall exert our right of revocation only if and in so far as it becomes evident after the conclusion of the contract that payment resulting from this contract or from other contracts is jeopardised by the lack of buyer's ability to pay. In addition, when buyer defaults in payment we are entitled, after expiration of an appropriate extension period, to take back the goods delivered and to request that they not be sold or processed. This taking back shall not constitute a withdrawal from the contract. At our request, the buyer is obliged to inform his customers immediately of the assignment to us and to provide us with the documents required for collection.

6. The buyer must notify us immediately about any seizure or other adverse actions on the part of third parties.

7. Should the total invoiced value of our collateral exceed the amount of the secured receivables including additional claims for interest, costs etc. by more than 50 %, we shall release pro tanto collateral at our discretion at the request of the buyer.

## VI. Carrying out Deliveries

1. When the goods are handed over to a forwarding agent or a carrier, at the latest, however, when the goods leave the warehouse or – in the case of drop shipments – the supplying plant, the risk is transferred to the buyer in all cases, even those which are prepaid or free house deliveries. The buyer must bear the responsibilities and costs of unloading. We shall obtain insurance only at the instruction of and at the expense of the buyer.

2. We are permitted to make partial deliveries to a reasonable extent. With goods we produce, deliveries are permitted which are up to 10 % more or less than the quantity ordered.

3. In the case of call-off orders, we are permitted to manufacture or have the total quantity produced at one time/in one go. Any changes desired cannot be considered after the order has been given unless this has been specifically agreed to.



Unless there is a firm agreement, call up times and quantities can only take place according to our supply or manufacturing capabilities. Should the goods not be called according to the contract, after a reasonable additional period of time we are authorized to invoice them as having been delivered.

4. In the case of contracts with continuous deliveries, we must receive release orders and type categories for roughly the same amount per month. If the release orders or type categories are not given on time, we are entitled after the expiry of a fixed period to make the type categories and deliver the goods or to cancel the outstanding part of the contract and demand compensation instead of payment. At the end of the contract, buyer has to accept and pay for the remaining goods on stock.

## VII. Liability for Defects

1. Any of properties of the goods, especially their quality, grade and measures (dimensions) are to be determined with priority by the agreed quality, namely by the standards and technical regulations contractually agreed upon. Any reference to standards and to similar guidelines as well as to quality, grade, measure (dimension), weight and usage of the goods, any information given in drawings and illustrations as well as any predictions given in our advertising material shall not be regarded as representations or guaranties, unless we have expressly referred to them in text form. The same shall apply to declarations of conformity and to similar characteristics such as „CE“ and „GS“ signs. In case of an agreement on a particular quality, the buyer shall bare any risks as to the suitability and usage of the goods.

2. Insofar as no particular quality has been agreed, the goods are free from defects if they are suitable for the use presumed under the contract. A use is contractually presumed only if we were informed of this use by the buyer in text form at the latest upon conclusion of the purchase contract and have expressly agreed to this use in text form.

3. Insofar as the goods have the agreed quality in accordance with clause VII.1 or are suitable for the use stipulated in the contract in accordance with clause VII.2, the buyer may not invoke the fact that the goods are not suitable for normal use or do not have a quality which is usual for goods of this type and which the buyer expected. In this respect, except in the cases mentioned in clause VIII.2, our liability is excluded.

4. As to the buyer's obligations to examine the goods and to notify us of any defects, the statutory provisions of the HGB (German Commercial Code) shall apply, subject to the following conditions:

- The buyer shall examine the goods immediately after delivery with regard to the properties relevant for the use of the goods and shall notify us in text form of any defects of the goods immediately thereafter. In case the buyer intends to install the goods into another object or attach the goods to another object, the properties relevant for the installation or the attachment include the inner properties of the goods. The buyer's obligation to examine the goods exists even in cases where an inspection certificate or any other material certificate is provided. Defects which, even upon most careful inspection, cannot be discovered immediately after delivery must be reported to us in text form immediately after their discovery.
- In case the buyer, in the event of an installation of the goods into another object or attachment of the goods to another object, fails to inspect the properties of the goods relevant for the designated end use at least at random prior to installation resp. attachment (e.g. by functional tests or a trial installation), this represents a particularly grave disregard of the care required in the ordinary course of business (gross negligence) in relation to us.

In such a case, the buyer may assert any rights in relation to these properties only if the defect had been deliberately concealed or in case of a guarantee for the respective quality of the goods.



5. In case the buyer discovers defects of the goods when inspecting the goods or thereafter, he shall make the defective goods or samples thereof available to us in order to give us the possibility to convince ourselves of the defect within a reasonable period of time. Otherwise, the buyer cannot claim that the goods are defective.

6. In case the goods are deficient, the buyer shall be entitled to his statutory rights under the BGB (German Civil Code) – subject to the conditions that we shall be entitled to choose between repair and delivery of substitute goods and that minor (insignificant) defects shall limit the buyer's rights only to reduce the purchase price (reduction).

7. In case the buyer has installed the defective goods, in accordance with the goods' type and designated use, into another object or attached the goods to another object, he may claim reimbursement of his necessary costs for the dismantling of the defective goods and the installation or attachment of goods free from defects („dismantling and installation costs“) only in accordance with the following provisions:

- Necessary dismantling and installation costs are only those, which directly result from the dismantling resp. removal of the defective goods and the installation resp. attachment of identical goods, have been incurred on the basis of competitive market prices and have been proven to us by the buyer by appropriate documents at least in text form.
- Any additional costs of the buyer for consequential damages such as e.g. loss of profit, down time costs or additional costs for cover purchases are no dismantling and installation costs and therefore not recoverable under Section 439 Paragraph 3 of the German Civil Code (BGB). The same applies for sorting costs and for additional expenses resulting from the fact that the sold and delivered goods are at a place other than the agreed place of delivery.
- The buyer is not entitled to request advance payments for dismantling and installations cost or other expenses required for the remedy of the defective delivery.

8. In case, on an individual basis, the costs incurred by the buyer for the remedy of the defective delivery are disproportionate, namely with regard to the purchase price of the goods being free from defects and under consideration of the importance of the infringement of the contract, we are entitled to refuse the reimbursement of such costs. Disproportionate costs are especially given in case the costs requested by the buyer, in particular dismantling and installation costs, exceed 150 % of the purchase price of the goods invoiced by us or 200 % of the value of the defective merchandise. If the last contract in the supply chain is a consumer goods purchase, the reimbursement of expenses shall be limited to the appropriate amount.

9. In accordance with clause VIII of these conditions, additional claims are not acceptable. This applies in particular to claims for

- damages which did not occur to the goods themselves (consequential damages),
- costs of the buyer related to the self-remedy of defects without the legal requirements being fulfilled and
- dismantling and installation costs, in case due to a transformation undertaken by the buyer before the installation of the goods into another object or before attachment of the goods to another object, the installed or attached goods provide substantially different features than the original goods delivered by us or have been transformed to new products.

10. An unjustified request to remedy an alleged defect entitles us to claim compensation for damages or costs incurred if the buyer could have recognized upon careful inspection that the goods were not defective.



## VIII. General Limitations of Liability and Statute of Limitations

1. We are liable for breach of contractual and non-contractual duties, especially those due to impossibility, delay, false advice, culpa in contrahendo and tortuous acts – also those of our managerial staff and other personnel – only in cases of intent or gross negligence. Our liability shall, in case of gross negligence, be limited to foreseeable losses and damages characteristic for the type of contract in question.

2. The restrictions in clause VIII.1 shall not apply to such cases where we breach our essential contractual obligations. Considered essential to the contract are the obligations for prompt supply free of defects and duties of consultation, protection and care which serve the purpose of protecting buyer or its personnel against considerable damages. The restrictions shall neither pertain to damages to life, to the body or to health caused by our fault nor to any cases where we have guaranteed certain characteristics of the goods. Nor shall such clause affect our statutory liability laid down in the Product Liability Act. Any statutory rules regarding the burden of proof shall remain unaffected by the aforesaid.

3. If we are in default with a delivery or other service, the buyer shall be entitled to damages due to this delay; in case of slight negligence, however, the claim of the buyer is restricted to maximum 10 % of the agreed purchase price for the performance in default. The rights of the buyer for damages instead of performance in accordance with clauses VIII.1 and VIII.2 remain unaffected by the aforesaid.

4. Unless otherwise agreed, any contractual claims which the buyer has against us on the grounds of or in connection with the delivery of the goods, including claims for damages for defective goods, shall fall under the statute of limitations within a period of one year after the goods have been delivered to the buyer. In case of a supplementary performance, the period of limitation shall not start anew but rather is suspended until the end of a three month's period after the supplementary performance. This restriction shall not apply to our liability and to the limitation of claims in connection with the delivery of goods which have been used for a building in accordance with their customary manner of use and which have caused its defectiveness and claims resulting from breaches of contract caused by our wrongful intent or by our gross negligence; neither to damages to life, to the body or to health caused by our fault, in cases of mandatory liability under the Product Liability Act, and to the limitation of statutory recourse claims. In these cases, the statutory limitation periods shall apply.

## IX. Copyrights

1. We reserve our property and our copyrights of all cost estimates, drafts, drawings and other supporting documents. They may only be made accessible to third parties in agreement with us. Drawings and other supporting documents relating to offers must be returned upon our request.

2. So far as we have delivered items according to drawings, models, samples or other supporting documents provided by the buyer, he takes over the liability that protected rights of third parties have not been damaged. If third parties, with reference to protected rights, do not permit the manufacture and delivery of those types of items, we are permitted – without being required to check the legal situation – to stop all further activities and to request damages when the buyer is liable. In addition, the buyer is responsible to immediately hold us free from all claims of third parties in this connection.



## **X. Test Parts, Forms, Tooling**

1. If the buyer is required to provide parts to execute the order, they are to be delivered free of cost to the place of production in the required quantity, or with an additional quantity to cover any scrap, on time, without cost and free of any defects. If this does not occur, any resulting costs and other consequences will be for his account.
2. The construction of experimental parts, including the costs for forms (moulds) and tools are for the account of the buyer.
3. Our liability for tools, forms (moulds) and other manufacturing devices provided by the buyer is limited to the care which we would normally apply in our own affairs. The buyer takes over the cost for maintenance and repair. Our safekeeping responsibility ends – independently of the ownership rights of the buyer – at the latest two years after the last manufacturing using the form (mould) or tool.

## **XI. Place of Performance, Jurisdiction and Applicable Law, Data protection**

1. The place of performance for our deliveries, for subsequent performance and for payments of the buyer is the place of our warehouse. The place of jurisdiction is the location of our principal place of business. We may also sue the buyer at his domicile.
2. In addition to these conditions, German law shall apply for the legal relationships between us and the buyer, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods (CISG) of 11 April 1980.
3. The data of our customers are stored and processed by us in accordance with the requirements of the DSGVO.

## **XII. Authoritative Version**

In case of doubt, the German version of these General Terms and Conditions of Sale shall prevail.

